



The State of New Hampshire Insurance Department

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An Open Letter From Insurance Commissioner Paula Rogers to the Policyholders, Subscribers, Healthcare Providers and Insurance Brokers of Tufts Health Plan of New England

As you may know, I have placed Tufts Health Plan of New England (TNE) into court-supervised rehabilitation. Effective November 22, 1999, TNE, which operates in Maine, Rhode Island and New Hampshire, is under the direct control and supervision of the New Hampshire Insurance Department. On November 24, 1999, I appointed Charles Schneider, a former managed care executive, to serve as TNE's rehabilitator. He has assumed the responsibilities of managing the company.

In the immediate future, Mr. Schneider, with the assistance and support of my staff and other experts, will aggressively explore opportunities for the rehabilitation of TNE. Should a viable plan be developed, I will seek court approval for its implementation. Any such plan must ensure a stable, profitable business so that TNE can continue to operate as a going concern or be acquired by another insurer.

As a first step, Mr. Schneider will endeavor to stabilize TNE's business so as to preserve options for a successful reorganization. Toward that end, TNE's management has been authorized to continue routine operations, including claims processing and payment for continued services, as well as customer and provider servicing. Mr. Schneider, and the Department, will be in immediate contact with TNE's provider network, as well as its distribution system, to minimize disruptions in services.

Because I cannot guarantee that TNE will be able to provide subscribers continued coverage through the end of their coverage period, policyholders and subscribers may decide to explore other opportunities for healthcare coverage. However, I would urge every person to carefully consider the following facts before making any immediate changes in their TNE coverage:

- State and federal laws governing the availability of health insurance products in the small group market require the other health insurance carriers to provide coverage without pre-existing condition waiting periods should policyholders change carriers. In addition, state replacement laws may provide additional protections for subscribers moving to other carriers.
- New Hampshire and Rhode Island policyholders and subscribers who purchased a Point of Service (POS) policy from TNE are actually insured through Allianz Life Insurance Company of North America. Except for the fact that the Allianz POS policies are administered by TNE, the Department's action has no effect on the continued obligations of Allianz to its policyholders. You are an Allianz POS policyholder if your policy specifically names Allianz as the insurer.
- At this time, all TNE plans are continuing. Existing coverage remains intact. All renewal and issue commitments will be honored until either a liquidation order is granted or the proper notice is rendered.

If you are a Maine policyholder, you have already been notified that your TNE coverage will end on March 31, 2000. Now that TNE is in supervised rehabilitation, you may wish to implement an alternative coverage option sooner rather than later. Maine health insurance reforms provide policyholders with a number of coverage option alternatives.

Should our rehabilitation efforts prove unsuccessful, TNE will have to be liquidated. If there is a claims shortfall, policyholders and subscribers will not be responsible for unpaid network provider claims for which TNE would have been otherwise responsible. Other creditors, including healthcare providers, will be subject to the statutory order of distribution as well as the level of available assets upon liquidation.

Members of my staff are working with regulators in Rhode Island and Maine. Tufts HP customer service representatives are being kept abreast of continuing developments as well. These customer service representatives, as well as the regulators in all three states are available to answer any questions you may have. To speak with a Tufts HP customer service representative, consumers may call 1-800-462-0224. In New Hampshire, consumers may call 1-800-852-3416 to speak with a consumer affairs specialist. In Maine, consumers may call 1-800-300-5000 and in Rhode Island consumers may call 1-800-869-5536. However, until there are further developments, there may not be a great deal of additional information. The Department will keep you abreast of developing issues through periodic communications and through regular updates at the Department's web site, www.state.nh.us/insurance.

A handwritten signature in black ink, appearing to read "P. Rogers".

Paula Rogers
Insurance Commissioner